



STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF ACCOUNTING

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MEMORANDUM

#08-11

TO: All Department and School Fiscal Officers

FROM: Trisha L. Neely, Director

DATE: March 6, 2008

SUBJECT: FOLLOW UP TO MEMORANDUM #08-10, INTERNAL CONTROLS

This memo is being released to further clarify the Internal Controls Memorandum (08-10) that was released earlier this week. In accordance with the Delaware Code and the Budget and Accounting Policy Manual, all state organizations shall adhere to the following procedures to assure the integrity of the statewide accounting system.

It is the responsibility of management to ensure that organizational written policies and procedures are developed and communicated regarding the processing of all financial transactions.

A. METHODS OF ACHIEVING INTERNAL CONTROL

- Organizations are required to have procedures in place to ensure that the individual who generates the payment does not approve it.
- Checks resulting from approved payments must not be returned to the person that initiated or authorized the payment.
- Such procedures must be maintained in writing and included in the organization's written internal controls policies/procedures manual.

B. ESTABLISHING CONTROLS OBJECTIVES

Managers should continuously monitor and improve the effectiveness of the internal controls associated with their programs. This continuous monitoring and other periodic

evaluations should provide the basis for management's DFMS monthly reconciliations and internal controls as required by Accounting Policy Memorandum #04-14.

C. CONFIDENTIALITY OF SECURITY CODE AND ACCESS

- Access to DFMS is structured so that organizations may segregate authorized duties. It is a security violation to share a user's logon id and password. This weakens the overall internal control structure of the organization.
- DFMS security personnel will promptly disable a user's access if sharing ids and passwords is discovered.

D. FACSIMILE SIGNATURE STAMP

Authority has been delegated to individuals in state organizations to approve accounting transactions by functioning as an "agent" of the person whose signature is on the facsimile stamp. To reduce the risk of unauthorized use of these stamps and to safeguard the State's assets, state organizations must address proper authorization and approval procedures for all financial documents in their written policies and procedures.